

PUBLIC DISCLOSURE

March 3, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Devon Bank
Certificate Number: 16249

6445 N Western Ave
Chicago, Illinois 60645

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Chicago Regional Office

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Chicago, Illinois 60606

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREA	4
SCOPE OF EVALUATION	8
CONCLUSIONS ON PERFORMANCE CRITERIA	9
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	18
APPENDICES	19
INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA	19
GLOSSARY	20

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Devon Bank's (Devon) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and Community Development Test supports the overall rating. The following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated Satisfactory.

The bank is rated Satisfactory under the Lending Test. The following points summarize the bank's performance.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of the bank's lending by number and dollar volume are outside the institution's assessment area.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- The distribution of loans to borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

The Community Development Test is rated Satisfactory.

The institution's community development performance demonstrates adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

DESCRIPTION OF INSTITUTION

Background

Devon operates from its main office on the border of the Rogers Park and West Ridge neighborhoods on the northeast side of Chicago, Illinois in Cook County. Devon is wholly owned by Devon Bancorp, Inc., a one-bank holding company. The institution received a Satisfactory rating at its previous CRA FDIC Performance Evaluation, dated April 25, 2022, based on the Interagency Intermediate Small Institution (ISB) CRA Examination Procedures.

Operations

In addition to the main office, Devon operates two additional full-service branches in the northern suburbs of Glenview and Wheeling within Cook County. The bank did not close or open any branches during the evaluation period; however, management closed the Anaheim, California and Bridgeview, Illinois Loan Production Offices. Devon's main office is in a moderate-income census tract, the Glenview branch is in a low-income census tract, and the Wheeling branch is in a middle-income census tract. Devon has six affiliates outside of the holding company that do not offer bank products or services and have not changed since the previous examination. The affiliates are: The Loundy Charitable Foundation (TLCF), The Devon Charitable Endowment Trust, 650 Asset Management LLC, Abrahams River LLC, The Acheron Cash Fund, and LFI Glenview LLC.

Devon is a full-service financial institution that offers a variety of deposit products such as savings, checking, money market deposit accounts, and certificate of deposits. Residential and consumer lending products consist of portfolio and secondary market home mortgage loans, fixed home equity loans, installment loans, and personal loans. Commercial lending products consist of commercial real estate loans, working capital loans, and Small Business Administration (SBA) loans. Alternative banking services include internet and mobile banking, electronic bill pay, direct deposit, and remote deposit. Banking hours allow reasonable access to bank services and include extended drive-up and Saturday hours. Additionally, each branch has a 24-hour automated teller machine.

Devon continues to offer the "Well-Rounded" debit card to facilitate micro-contributions to charities. The debit card allows customers to round-up purchases to the nearest dollar for contribution to charities or to a Devon Bank Donor-Advised Fund. During the review period, contributions totaled \$502.46.

The bank offers a lower cost alternative to private mortgage insurance, in the form of piggyback loans. Devon originated 38 of these loans totaling \$5.0 million during the evaluation period.

Devon continues to offer the Fresh Start deposit account, which provides an opportunity for individuals with previous bank account abuses to begin anew. This account is part of Illinois Bank On certified accounts.

A large segment of Devon's customer base are observers of Islam who wish to avoid traditional interest-based loans. Devon, in consultation with religious authorities, developed Islamic Finance products that comply with Federal and State banking regulations, as well as Islamic law. Local religious authorities and the Shariah Supervisory Board of America reviewed the bank's "Murabaha" and "Ijarah" financial products and issued a fatwa (ruling) approving their use. Islamic law prohibits paying or receiving interest for the use of money, and these products enable individuals of Islamic faith to purchase homes and commercial properties in a manner consistent with their faith. These products have become nationally recognized, indicating Devon's commitment to making the products religiously compliant.

The bank donates late fees collected on the Islamic Finance product to The Devon Charitable Endowment Trust, with donations to this trust dedicated for charitable purposes. The trust invests late fees in off-balance sheet investment companies or into shares of the bank's holding company which pay regular dividends to an account owned by the bank's public charity, TLCF. At least annually, a board comprised of Devon's employees allocate these funds to charities. In 2024, contributions to the Endowment were approximately \$16,525.

Devon established a home mortgage loan program to support undocumented residents through its Individual Tax Identification Number (ITIN) lending program to increase homeownership opportunities for individuals who cannot apply for secondary market or government loan financing. The bank originated two ITIN loans in 2022, nine in 2023, and 25 in 2024; totaling approximately \$4.5 million.

The bank also participates in the Federal Home Loan Bank's (FHLB) Down Payment Plus program (DPP) for first-time homebuyers. The program provides down payment and closing cost assistance to eligible low- and moderate-income borrowers. The assistance includes a forgivable grant paid on behalf of the borrower at the time of mortgage financing with a participating member financial institution. Devon sourced five DPP grants in 2022, three in 2023, and fourteen in 2024.

Devon offers Freddie Mac's Home Possible and Fannie Mae's Home Ready products which offer low downpayments to support low-and-moderate income (LMI) home buyers. In 2024, Devon received the Rise Award from Freddie Mac, recognizing the bank's efforts in originating Home Possible Loans. The bank originated eight Home Possible loans and one Home Ready loan in the assessment area, totaling approximately \$2.0 million. The bank also works with a third party to offer FHA and VA products. Mortgage loan officers in Cook and Lake County originated four FHA loans in 2022, two in 2023 and two in 2024 plus one VA loan in 2024; totaling approximately \$2.7 million.

In 2021, Devon partnered with the city of Evanston to become a designated lender in the city's reparations program. The city of Evanston annually allocates funds to victims of housing discrimination. These funds can be used for the down payment on a home purchase, to pay down existing residential mortgage loans, for home improvement, or for housing repair. The bank worked with Freddie Mac, the FHLB, and the Evanston Community Foundation to have Freddie Mac approve the city of Evanston's reparations grants as an acceptable source of down payment, and to allow use of the FHLB Down Payment Plus program in combination with the city of Evanston's grant to facilitate homeownership.

Lastly, Devon developed and administers a student loan program for lower-income students through the Jewish Federation of Metropolitan Chicago. Through the program, the bank provided 24 loans in 2022, 20 loans in 2023, and 22 loans in 2024, totaling approximately \$255,000.

Ability and Capacity

According to the December 31, 2024, Consolidated Report of Condition and Income (Call Report), Devon reported \$501.4 million in total assets, \$222.7 million in total loans, \$330.8 million in total deposits, and total securities of \$228.1 million. Since the last evaluation, loans have increased 2.7 percent, while assets have increased 11.1 percent. Commercial loans make up the largest segment of the loan portfolio, followed by 1-4 family residential and multifamily loans combined. Specifically, commercial loans and 1-4 family residential and multifamily, by dollar volume represent 55.5 percent and 38.8 percent, respectively of the loan portfolio. The following table illustrates the loan portfolio composition.

Loan Portfolio Distribution as of 12/31/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	9,431	4.2
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	62,975	28.3
Secured by Multifamily (5 or more) Residential Properties	23,361	10.5
Secured by Nonfarm Nonresidential Properties	109,115	49.0
Total Real Estate Loans	204,882	92.0
Commercial and Industrial Loans	14,345	6.5
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	1,631	0.7
Other Loans	1,839	0.8
Total Loans	222,697	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet the credit needs of the assessment area.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas to evaluate its CRA performance. Devon designated a single contiguous assessment area comprised of the entirety of Cook and Lake counties in Illinois. Cook County is located within the Chicago-Naperville-Schaumburg, Illinois Metropolitan Division (Chicago MD) and Lake County is part of the Lake County MD. Both MDs are part of the Chicago-Naperville, IL-IN-WI combined statistical area.

The assessment area includes whole census tracts, does not arbitrarily exclude any low- or moderate-income census tracts, does not reflect illegal discrimination, and otherwise meets the

requirements of the CRA regulation. The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

Based on the 2020 U.S. Census demographic data, the assessment area’s 1,492 census tracts reflect the following income designations: 238 low-income census tracts, 384 moderate-income census tracts, 418 middle-income census tracts, 432 upper-income census tracts, and 20 census tracts had no income designation. The following table illustrates select 2020 U.S. Census demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,492	15.7	25.5	28.4	29.1	1.3
Population by Geography	5,989,883	12.3	26.0	31.0	30.1	0.6
Housing Units by Geography	2,463,170	12.4	24.7	30.6	31.7	0.6
Owner-Occupied Units by Geography	1,322,830	6.6	21.6	35.0	36.4	0.3
Occupied Rental Units by Geography	917,328	18.2	28.7	26.0	26.1	1.0
Vacant Units by Geography	223,012	22.8	26.5	22.9	27.0	0.8
Businesses by Geography	778,921	7.7	19.4	28.5	43.7	0.6
Farms by Geography	8,275	7.5	22.0	32.3	37.9	0.3
Family Distribution by Income Level	1,363,758	26.3	16.9	18.4	38.5	0.0
Household Distribution by Income Level	2,240,158	28.1	15.6	16.5	39.8	0.0
Median Family Income MSA - 16984 Chicago-Naperville-Schaumburg, IL	\$92,622	Median Housing Value				\$288,841
		Median Gross Rent				\$1,233
Median Family Income MSA - 29404 Lake County-Kenosha County, IL-WI	\$105,876	Families Below Poverty Level				9.5%
<i>Source: 2020 U.S. Census and 2023 D&B Data. Due to rounding, totals may not equal 100.0%. (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Housing units in the assessment area consist of 53.7 percent owner-occupied, 37.2 percent occupied rental units, and 9.1 percent vacant. These characteristics provide some insight into the overall housing credit needs and demand in low- and moderate-income geographies, which were considered when evaluating Devon’s performance under the Geographic Distribution criterion.

Low- and moderate-income families account for 26.3 percent and 16.9 percent of the families in the assessment area, respectively, or 43.2 percent combined, with 9.5 percent of families below the poverty level. The bank's performance under the Borrower Profile criterion compares home mortgage loans to the percentage of families by income level.

Examiners used the FFIEC-updated median family income levels to analyze home mortgage lending activity under the Borrower Profile criterion. The following table illustrates the income categories for the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Chicago-Naperville-Schaumburg, IL MD Median Family Income (16984)				
2022 (\$105,700)	<\$52,850	\$52,850 to <\$84,560	\$84,560 to <\$126,840	≥\$126,840
2023 (\$109,800)	<\$54,900	\$54,900 to <\$87,840	\$87,840 to <\$131,760	≥\$131,760
Lake County, IL MD Median Family Income (29404)				
2022 (\$118,200)	<\$59,100	\$59,100 to <\$94,560	\$94,560 to <\$141,840	≥\$141,840
2023 (\$124,600)	<\$62,300	\$62,300 to <\$99,680	\$99,680 to <\$149,520	≥\$149,520
<i>Source: FFIEC</i>				

The Chicagoland area maintains a strong commercial base with a high concentration of small businesses. According to 2024 D&B data, 756,558 non-farm businesses operate in the assessment area, 91.0 percent reported gross annual revenues (GARs) of \$1 million or less. The percentage of non-farm businesses with GARs of less than \$1 million in the assessment area indicates that opportunities exist to extend loans to small businesses.

Among all non-farm businesses, the services industry represents the largest segment of businesses in the assessment area at 33.1 percent, followed by finance, insurance and real estate (10.7 percent), and retail trade (9.0 percent). In addition, 57.0 percent of businesses within the assessment area have four or fewer employees and 93.5 percent operate from a single location, highlighting the prevalence of very small businesses within the assessment area. The analysis of small business loans under the geographic distribution criterion compares the loans to the percentage of businesses within geographies by income level, while the analysis under the Borrower Profile criterion compares the loans to the distribution of businesses by GAR level. D&B data for 2022, 2023, and 2024 provides a standard of comparison when measuring small business lending performance.

The U.S. Bureau of Labor Statistics indicates unemployment rates in the assessment area generally increased between 2022 and 2024 at the assessment area, state, and national level, despite a slight improvement in Cook County from 2022 to 2023. The following table outlines the unemployment rates.

Unemployment Rates			
Area	2022	2023	2024
	%	%	%
Cook County, Illinois	4.9	4.4	5.4
Lake County, Illinois	4.4	5.0	5.3
State	4.6	4.5	5.1
National Average	3.6	3.6	4.0
<i>Source: Bureau of Labor Statistics</i>			

Competition

The assessment area reflects a competitive market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2024, 195 financial institutions operated 1,365 offices in the assessment area. Devon ranked 51st maintaining 0.2 percent of the deposit market share. Larger regional and other community banks offices within the assessment area hold most of the market share, with the top five financial institutions controlling 42.9 percent of deposits.

A high level of competition in the assessment area exists for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. Aggregate Home Mortgage Disclosure Act (HMDA) lending data for 2023, the most recent data available, reflects 97,605 home mortgage originations and purchases by 754 lenders. Devon ranked 148th out of this group of lenders with a market share of less than 0.1 percent. The top five home mortgage lenders in the area hold a combined market share of 25.8 percent.

Additionally, a relatively competitive environment exists for small business loans in the assessment area. Devon is not required to collect or report small business lending data. As such, the analysis of small business loans under the Lending Test does not include comparisons to aggregate data. The aggregate data, however, reflects the level of competition and demand for small business loans. Aggregate small business lending in 2023, the most recent data available, reflects 228 lenders originated 166,494 small business loans. The top five lenders accounted for 74.11 percent of all reported small business loans, by number.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying and understanding the credit and community development needs of the assessment area, and whether local financial institutions are responsive to those needs. For this performance evaluation, examiners conducted one community contact interview with a representative from a housing counseling agency. The contact identified credit needs for undocumented households, and affordable housing needs for low- and moderate-income families. They also identified the need for non-profit affordable housing developers to build and operate housing at reduced rents.

Credit and Community Development Needs and Opportunities

Considering the information from the community contact, demographic data, and discussions with bank management, examiners determined that community development needs in the assessment area include affordable housing, small business lending, and financial literacy for consumers. In addition, the need for credit access for undocumented households was identified by the community contact as an opportunity for participation by local financial institutions. The high level of low- and moderate-income families and the percentage of businesses with revenues of \$1 million or less support these needs.

The assessment area provides numerous opportunities for involvement in community development activities. The Chicago metropolitan area contains numerous empowerment zones and tax increment financing districts designated by local or state government entities for revitalization, stabilization or economic development. These areas are established to stimulate economic activities that include job preservation, job creation, business development, and residential development. Additionally, the State of Illinois and local community organizations sponsor various programs to support affordable housing and economic development.

SCOPE OF EVALUATION

General Information

The evaluation covers the period from the previous evaluation dated April 25, 2022, to the current evaluation dated March 3, 2025. Examiners used the Interagency ISB Examination Procedures to evaluate Devon's CRA performance. These procedures include the Lending Test, and the Community Development Test as outlined in the ISB Performance Criteria Appendix. Financial institutions must achieve a satisfactory rating under each of these tests to obtain an overall Satisfactory rating.

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy, Call Report data, and bank records to identify the number and dollar volume of loans originated during the review period. The bank's record of originating home mortgage loans contributed more weight to the overall conclusion, considering the larger loan volume when compared to small business loans during the review period. No other loan types, such as agriculture or consumer loans, represent a major product line or provide material support for the conclusions or rating. In addition, a review of the bank's loans, investments, and services is included in the review of community development activities since the previous evaluation.

Examiners reviewed all home mortgage loans originated or purchased from January 1, 2022, through December 31, 2024, as reported on the bank's HMDA Loan Application Registers. Devon originated 572 home mortgage loans totaling \$227.7 million in 2022, 406 home mortgage loans totaling \$155.5 million in 2023, and 361 home mortgage loans totaling \$140.6 million in 2024. Aggregate HMDA lending data and 2020 U.S. Census data provided a standard of comparison for HMDA reportable loans.

The bank optionally collected CRA small business data. A review of the bank's data revealed that the bank originated or renewed 43 small business loans totaling \$15.6 million in 2022, 49 small business loans totaling \$15.3 million in 2023, and 36 small business loans totaling approximately \$9.1 million in 2024. Examiners compared the bank's performance to demographic data using the 2020 U.S. Census data.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. While examiners considered both the number and dollar volume of home mortgage and small business loans, discussion of performance is limited to loans by number, as the number of loans is a better indicator of borrowers served, and the bank's performance by dollar volume led to similar conclusions. Examiners analyzed the bank's 2022, 2023, and 2024 home mortgage and small business loans. However, 2024 HMDA loans are not presented in this evaluation as the 2024 conclusions were consistent with 2022 and 2023 conclusions and aggregate data was not available.

For the Community Development Test, examiners reviewed community development loans,

qualified investments, and community development services provided by the bank since the prior CRA evaluation dated April 25, 2022.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Devon demonstrated satisfactory performance under the Lending Test. Reasonable performance in LTD ratio, geographic distribution, and borrower profile support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs. The LTD ratio, calculated from Call Report data, averaged 64.7 percent over the past 11 calendar quarters from June 30, 2022, to December 31, 2024. The ratio remained generally stable and ranged from a low of 58.1 percent as of June 30, 2022, to a high of 68.8 percent as of June 30, 2024. Examiners evaluated Devon’s LTD ratio by comparing it to four similarly situated institutions (SSIs). Examiners selected these institutions based on asset size, geographic location, and lending focus. While Devon’s ratio ranks last amongst these SSIs, it is reasonable when considering the number and the dollar volume of loans sold to the secondary market and deposits that have not been used for lending.

Loan-to-Deposit Ratio Comparison		
Institution	Total Assets \$(000s) as of 12/31/2024	Average Net Loan-to- Deposit Ratio (%)
Devon Bank	501,427	64.7
Similarly Situated Institution #1	325,674	77.0
Similarly Situated Institution #2	394,388	86.3
Similarly Situated Institution #3	974,015	91.2
Similarly Situated Institution #4	499,294	89.5
<i>Source: Reports of Condition and Income 6/30/2022 through 12/31/2024</i>		

Assessment Area Concentration

A majority of the bank’s lending by number and dollar volume was originated outside the assessment area. Devon originated a majority of its home mortgage loans outside the assessment area, while a majority of small business loans were originated inside the assessment area. The following table reflects the loan concentrations inside and outside of the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%	\$	%	\$	%		
Home Mortgage										
2022	92	16.1	480	83.9	572	29,007,060	12.7	198,723,538	87.3	227,730,598
2023	73	18.0	333	82.0	406	28,211,509	18.1	127,327,474	81.9	155,538,983
2024	72	19.9	289	80.1	361	16,867,229	12.0	123,746,108	88.0	140,613,337
Subtotal	237	17.7	1,102	82.3	1,339	74,085,798	14.1	449,797,120	85.9	523,882,918
Small Business										
2022	34	79.1	9	20.9	43	11,864,000	76.0	3,739,000	24.0	15,603,000
2023	35	71.4	14	28.6	49	11,306,000	73.9	4,002,000	26.1	15,308,000
2024	31	86.1	5	13.9	36	8,522,000	94.0	547,000	6.0	9,069,000
Subtotal	100	78.1	28	21.9	128	31,692,000	79.3	8,288,000	20.7	39,980,000
Total	337	23.0	1,130	77.0	1,467	105,777,798	18.8	458,085,120	81.2	563,862,918

Source: Bank Data, Due to rounding, totals may not equal 100.0%.

While a majority of home mortgage loans are located outside the assessment area, examiners considered multiple other factors when determining whether this conclusion supports an overall adverse CRA rating of the institution.

The low percentage of home mortgage loans originated inside the assessment area is primarily attributed to Devon’s nationwide Islamic financing activity. This program continues to expand as Devon attracts many applicants residing outside of its assessment area because a limited number of financial institutions offer halal financing. Devon mortgage loan originators are located throughout the country, including the states of Washington, Texas, Nevada, California, Kentucky, and Minnesota.

As previously mentioned, a high level of competition in the assessment area exists for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. Within aggregate HMDA lending data for 2023, Devon ranked or in the 80th percentile of reporting lenders. Devon’s Deposit market share ranked 51st among 195, or in the 74th percentile of FDIC-insured financial institutions. This level of lending compares favorably to the level of deposit activity in the assessment area.

Examiners further evaluated Devon’s assessment area concentration by comparing it to four SSIs that had CRA performance evaluations completed recently with 2023 HMDA data analyzed. Examiners selected these institutions based on asset size, geographic location, and lending focus. Each of these institutions include Cook County as part of their assessment area. As shown in the table below, Devon’s performance in its assessment area outperformed the SSIs by number and dollar amount of loans originated, despite having the smallest portfolio concentration in residential real estate.

Home Mortgage Assessment Area Comparison				
Institution	Total Assets (million)	Residential Real Estate Loan Portfolio Concentration (%)	Home Mortgage Loans in Assessment Area in 2023 (# / \$ in millions)	Percent of Home Mortgage Loans in Assessment Area
Devon Bank	\$501	39	73 loans/\$28	18
Similarly Situated Institution #1	\$438	72	51 loans/\$12	91
Similarly Situated Institution #2	\$582	65	47 loans/\$27	72
Similarly Situated Institution #3	\$463	55	11 loans/\$7	61

Source: CRA Performance Evaluations

The bank is effectively lending within its assessment area despite the majority of its home mortgage lending being conducted outside the assessment area.

Geographic Distribution

The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area, considering the demographics, lending opportunities, and locations of the institution. The bank's reasonable performance within home mortgage and small business lending supports this conclusion. For this criterion, examiners focused on loans originated in the assessment area, the percentage by number of loans in low- and moderate-income census tracts, and performance context factors.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout this assessment area. Performance is measured against aggregate HMDA lending data and the percentage of owner-occupied housing units (demographic) within each census tract level. The bank's lending performance in low- and moderate-income census tracts slightly exceeded both the demographic and aggregate lending data in 2022 and 2023. The following table reflects the distribution of home mortgage loans by census tract income level.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	6.6	6.5	9	9.8	1,493	5.1
2023	6.6	7.5	7	9.6	1,170	4.1
Moderate						
2022	21.6	20.0	21	22.8	6,173	21.3
2023	21.6	21.1	17	23.3	4,990	17.7
Middle						
2022	35.0	33.5	37	40.2	11,496	39.6
2023	35.0	33.8	28	38.4	11,091	39.3
Upper						
2022	36.4	39.7	25	27.2	9,846	33.9
2023	36.4	37.3	21	28.8	10,961	38.9
Not Available						
2022	0.3	0.3	0	0.0	0	0.0
2023	0.3	0.3	0	0.0	0	0.0
Totals						
2022	100.0	100.0	92	100.0	29,007	100.0
2023	100.0	100.0	73	100.0	28,212	100.0

Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%

Small Business Loans

The geographic distribution of small business loans represents reasonable dispersion throughout the assessment area. Performance is compared to the location of businesses by census tract income level (demographic). The following table reflects the distribution of small business loans by census tract income level.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2022	7.8	1	2.9	130	1.1
2023	7.7	1	2.9	125	1.1
2024	7.4	1	3.2	115	1.3
Moderate					
2022	19.5	5	14.7	1,363	11.5
2023	19.4	9	25.7	3,090	27.3
2024	19.6	6	19.4	1,813	21.3
Middle					
2022	28.7	16	47.1	5,303	44.7
2023	28.5	12	34.3	3,606	31.9
2024	28.7	10	32.3	1,850	21.7
Upper					
2022	43.4	12	35.3	5,068	42.7
2023	43.7	13	37.1	4,485	39.7
2024	43.8	14	45.2	4,744	55.7
Not Available					
2022	0.6	0	0.0	0	0.0
2023	0.6	0	0.0	0	0.0
2024	0.6	0	0.0	0	0.0
Totals					
2022	100.0	34	100.0	11,864	100.0
2023	100.0	35	100.0	11,306	100.0
2024	100.0	31	100.0	8,522	100.0
<i>Source: 2022, 2023, and 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Devon originated only one small business loan in low-income census tracts in 2022 and 2023, trailing the demographic. This represents poor performance in low-income census tracts. As a measure of demand, aggregate small business loans were considered, but not directly compared to the bank's performance. Aggregate small business loan data for 2022 and 2023 reflects that 6.4 and 6.0 percent, respectively, of small business loans originated by reporting banks were to businesses located in low-income census tracts. The fact that aggregate small business lending data trailed demographic data, supports the assessment that lenders face certain challenges when serving this market, but does not mitigate the bank's poor performance in those tracts.

The bank's lending performance in moderate-income census tracts in 2022 trailed the demographic figure; however, lending improved in 2023, and performance exceeded the demographic figure. While lending in moderate-income census tracts decreased in 2024, it is comparable to the demographic. Considering the bank's performance in moderate income tracts, overall performance is reasonable.

Borrower Profile

The distribution of borrowers reflects reasonable penetration to individuals of different income levels, including low- and moderate-income borrowers, as well as to businesses of different sizes, given the demographics of the assessment area. The bank’s reasonable home mortgage and small business lending performances support this conclusion. Only loans originated in the assessment area were considered in the analysis.

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers. Performance is measured against HMDA aggregate data and the percentage of families (demographic) within each census tract level. The following table reflects the distribution of home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Levels						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	26.3	10.5	16	17.4	2,032	7.0
2023	26.3	9.5	6	8.2	526	1.9
Moderate						
2022	16.9	20.9	21	22.8	4,679	16.1
2023	16.9	22.5	16	21.9	3,248	11.5
Middle						
2022	18.4	19.5	17	18.5	5,326	18.4
2023	18.4	20.5	8	11.0	2,218	7.9
Upper						
2022	38.5	31.5	26	28.3	10,005	34.5
2023	38.5	29.6	23	31.5	8,853	31.4
Not Available						
2022	0.0	17.7	12	13.0	6,966	24.0
2023	0.0	17.8	20	27.4	13,367	47.4
Totals						
2022	100.0	100.0	92	100.0	29,007	100.0
2023	100.0	100.0	73	100.0	28,212	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

Devon’s lending to low-income borrowers in 2022 exceeded aggregate HMDA lending data and slightly trailed aggregate data in 2023. As stated previously, when available, comparison to aggregate HMDA lending data provides a better assessment of demand and represents loans extended by all lenders in the assessment area, subject to HMDA reporting. While the bank’s record of originating mortgage loans to low-income borrowers was above or slightly below aggregate, it remained below demographic data. Notably, within the percentage of low-income families are the

9.5 percent of families that earn income below the poverty level. These families are likely to face difficulties in qualifying for home mortgage loans. Also, the fact that aggregate HMDA lending data trailed demographic data for low-income families in 2022 and 2023, supports the assessment that lenders face certain challenges when serving this market. Considering these factors, Devon’s performance is reasonable.

Devon’s lending to moderate-income borrowers in 2022 and 2023 was comparable to aggregate HMDA data, slightly exceeding and slightly trailing, respectively, during the review period. Considering solid performance to both low- and moderate-income borrowers, overall performance is reasonable.

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. Devon’s small business loans were evaluated based on lending concentration to businesses with GARs of \$1 million or less (demographic) in the assessment area. The following table reflects the distribution of small business loans by revenue level.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	90.2	21	61.8	6,253	52.7
2023	91.0	21	60.0	6,705	59.3
2024	91.0	19	61.3	4,534	53.2
>\$1,000,000					
2022	3.7	11	32.4	5,311	44.8
2023	3.3	10	28.6	3,696	32.7
2024	3.3	10	32.3	2,783	32.7
Revenue Not Available					
2022	6.2	2	5.9	300	2.5
2023	5.7	4	11.4	905	8.0
2024	5.8	2	6.5	1,205	14.1
Totals					
2022	100.0	34	100.0	11,864	100.0
2023	100.0	35	100.0	11,306	100.0
2024	100.0	31	100.0	8,522	100.0
<i>Source: 2022, 2023, and 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Devon’s lending performance to businesses with GARs of \$1 million or less remained steady during the review period and trailed demographic. However, it is important to note that demographic data represents all businesses in the assessment area, not only those seeking traditional bank financing. Additionally, smaller businesses tend to seek alternative forms of credit, including credit cards or home equity lines of credit, to finance their operations.

As a measure of demand, aggregate small business lending data was considered, but not directly compared to the bank's performance. Aggregate small business loan data for 2022 and 2023 reflects that 53.9 and 57.0 percent, respectively, of small business loans originated by reporting banks were to businesses with GARs of \$1 million or less. Devon's lending performance exceeded aggregate performance in 2022 and 2023, thus overall performance is reasonable. Aggregate small business loan data for 2024 is not yet available.

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

COMMUNITY DEVELOPMENT TEST

An overall “Satisfactory” rating is assigned under the Community Development Test. Devon’s community development performance demonstrates adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the institution’s capacity and the need and availability of such opportunities for community development in the institution’s assessment areas.

Community Development Loans

Devon originated or renewed 65 community development loans totaling \$29.9 million within the assessment area during the review period. This level of activity represents 5.7 percent of average assets, 12.9 percent of average net loans, and represents an increase by both number and dollar since the previous evaluation.

Examiners compared Devon’s performance to five SSIs. The SSIs were chosen due to their asset size, business focus, recency of the last CRA evaluation, and markets served. Devon’s level of community development lending compares favorably to the five SSIs operating in the bank’s assessment area, as these SSIs' community development lending ranged from a low of 2.5 percent to 23.6 percent of average net loans, with an average value of 10.2 percent. Devon’s ratio exceeded all but one of the SSIs and was slightly higher than the average. The following table illustrates the bank's community lending within the assessment area by year.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (partial year)	9	3,029	5	3,131	4	2,719	2	220	20	9,099
2023	11	7,066	3	240	8	4,051	-	-	22	11,357
2024	6	1,297	2	156	10	6,566	3	925	21	8,944
YTD 2025	1	398	1	75	-	-	-	-	2	473
Total	27	11,790	11	3,602	22	13,336	5	1,145	65	29,873

Source: Bank Data

Devon’s CD lending has been responsive to area credit and community development needs. The majority of CD lending support affordable housing efforts. As noted previously, loans to support small businesses and affordable housing are primary credit needs in the assessment area. A majority of the economic development loans consist of SBA 504 loans, which specifically assist small businesses with adding or retaining jobs, including jobs for LMI individuals. Additional examples include:

- An \$800,000 loan for the rehab of vacant, unusable industrial properties in a TIF district to useable commercial space, to foster job-generating investments.
- A \$600,000 loan for an eight-unit multifamily building in a moderate-income census tract. The units will lease at rates affordable to LMI families and the lease is mastered by a local domestic violence service provider.

Qualified Investments

Devon made \$9.3 million in qualified investments, including \$70,428 in qualified donations, during the evaluation period. The majority of activity consisted of investments in Illinois Housing Bonds and mortgage-backed securities to support affordable housing, a need identified by community contacts. The dollar amount of qualified investments represented 4.1 percent of the bank's average securities and 30.2 percent of the average capital.

The bank's level of qualified investment activity is comparable to the five SSIs. The SSIs had qualified investments to average securities ranging from a low of 0.7 percent to a high of 7.6 percent, with an average of 3.3 percent. The SSIs had qualified investments to average capital ratios ranging from a low of 0.3 percent to a high of 13.8 percent, with an average of 11.6 percent; Devon’s investment to average capital ratio exceeded the ratios of the five SSIs reviewed. The following table provides additional details regarding the bank's qualified investment and donation activity.

Community Development Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	1,070	1	250	-	-	-	-	2	1,320
2022	2	3,636	-	-	-	-	-	-	2	3,636
2023	1	310	-	-	-	-	-	-	1	310
2024	1	3,689	1	250	-	-	-	-	2	3,939
YTD 2025	-	-	-	-	-	-	-	-	-	-
Subtotal	5	8,705	2	500	-	-	-	-	7	9,205
Qualified Grants & Donations	29	32	28	37	2	1	-	-	59	70
Total	34	8,737	30	537	2	1	-	-	66	9,275

Source: Bank Data

Additionally, Devon made an additional \$30.6 million in community development investments through bonds for schools serving low- and moderate-income students outside the assessment area, in states where the bank conduct mortgage lending.

Community Development Services

During the evaluation period, 34 different bank employees provided 455 instances of community development services in the assessment area, for a total of 863 qualifying community development service hours. Many of the services involved reoccurring activities with 39 different qualifying organizations. The four most prevalent organizations the bank provides services to account for 62 percent of the total instances of services and 48 percent of the total hours. These services meet the definition of community development, relate to the provision of financial services and utilize the financial expertise of bank personnel.

This level of community development service is consistent with three SSIs’ service hours, ranging from 30 to 1,154 hours, with Devon ranking second of the four. The following table provides additional details regarding the bank's community development service activities.

Community Development Services										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours
2022	29	68	41	72	-	-	28	38	98	178
2023	64	149	83	152	2	2	35	57	184	360
2024	64	150	82	150	3	3	24	27	173	330
YTD 2025	-	-	-	-	-	-	-	-	-	-
Total	157	367	206	374	5	5	87	122	455	868

Source: Bank Records

Mortgage lending personnel provide technical assistance to clients to obtain down payment assistance from the FHLB DPP, Freddie Mac’s Home Possible and Fannie Mae’s Home Ready products to support LMI home buyers obtain mortgage financing. These efforts resulted in originating 31 mortgage loans in total to LMI borrowers.

Devon administers a student loan program in conjunction with a non-profit organization involved in providing student loans to support to low-income students. During the review period, Devon facilitated 66 loans totaling approximately \$255,000.

Devon continues to offer the Fresh Start deposit account, which is part of Illinois Bank On certified accounts. The account provides an opportunity for individuals with previous bank account abuses to begin anew. The bank currently maintains six of these accounts for customers.

As stated previously, Devon employees serve on a board of the Loundy Charitable Foundation, which facilitates charitable contributions. The Loundy Charitable Foundation provides funds to organizations that serve low- and moderate-income individuals and provides humanitarian aid.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's CRA rating.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.